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SECRET**OFFICE OF STRATEGIC SERVICES**

WASHINGTON, D. C.

14 May 1945

MEMORANDUM FOR GENERAL DONOVAN

SUBJECT: Mr. Ripley's Memorandum "The Development
of Long-Range Intelligence in the Far East."

I have read Mr. Ripley's memorandum with great interest. I agree with a number of his observations and with some of his conclusions. I do not, however, agree with his major conclusion as to the types of individuals who should constitute the framework of our permanent representation in the Far East.

OSS as an intelligence agency should in its own behalf, and for others, lay at rest the misconception regarding the "Old China (or Far Eastern) Hand." This term of obloquy came into being as a result of conditions peculiar in the Far East and is applicable to a particular group of Far Eastern residents. It is not applicable to the respectable group of officials, businessmen, bankers and philanthropic workers who are similar in most respects to the same categories of people resident in Great Britain, France, or Germany. Due to the larger financial stake in Europe it is probable that the businessmen and bankers in the Far East are usually not from

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the first string. There are, however, some outstanding representatives in these activities. Therefore, in the Far East as in Europe there are numerous competent and respected representatives of American business, banking, and officialdom. They should be referred to as residents and not as "Old Far Eastern Hands."

In addition, there are in the Far East, however, numerous Europeans and Americans of smaller competence and importance who support the above-mentioned residents in lesser capacities. This group is necessary because the native peoples of the Far East, often primitive peoples, do not supply the employees to support foreign interests as is the case in Europe. This group of minor officials and employees with less fortunate background than their principals have a status often beyond that which they would enjoy at home. This group, with ideas inflated at times by its own importance, developed individuals with unbecoming characteristics and which often justified the uncomplimentary connotations of the Old China Hand.

With the above-mentioned exceptions, therefore, the foreign residents in the Far East--businessmen, bankers, and officials--are similar in all respects to the foreign residents in Europe and should be so considered. If this be true, I see no justification for belaboring the point that foreign residents

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in the Far East should be catalogued as peculiar. In choosing our principal representatives for secret intelligence work, I see no reason for applying different methods in the Far East from those employed in Europe.

I do not agree with Mr. Ripley that occidental residents in the Far East are more narrow in their interests than, for example, foreign residents in Europe. It is true that they concentrate upon their own specialties whether it be business, banking, or philanthropic work, but many of them are men of broad vision and experience. If they do not travel widely throughout the interior, they are in intimate contact with those who do. They can be just as good "brain pickers" as the journeyman representatives and usually less superficial ones. These residents are certainly more knowledgeable of their particular areas than occasional and peripatetic visitors. It is the residents among whom our representatives should be chosen. They in turn should have contact with our representatives enjoying official protection and communications facilities.


It is true that many special jobs could be accomplished by visiting experts of one kind and another. Such

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Jobs should be performed however in the framework of the continuing establishment built up among permanent residents.


John Magruder, Brig. Gen.
Deputy Director, OSS
Intelligence Service

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General MACRUDER

MAY 10 1945
For examination and
comment.

WJD

6 May 1945

Director's Office

OSS Form 305a
(3308)

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Memorandum

UNITED STATES GOVERNMENT

Internal Memorandum

DATE: 4 May 1945

SUBJECT: China 100, 100

1. This is a memorandum to you of
February 1945 on Post War Intelligence

2. It requested the following are my comments on Mr. Hixley's

3. Section I "Personnel" the argument may be stated in the
following syllogism.

a) The "old China hand" type of Far East resident is
not to be a trained observer and therefore not apt to
be a good recruit for post war Far East intelligence.

b) However, there is little available cover for the
type sort of trained observers who are not old China hands.

c) Therefore, very few people can be used for this work,
probably 21 for the whole Far East.

4. I agree with the minor premise B, the major premise A, I think,
in general, it seems to me that the old China hand group should
be an excellent recruiting ground for post war intelligence agents.

5. An businessman working under sharply competitive con-
ditions, most of them have developed for commercial purposes
some form of intelligence organization.

6. There are the men with the 1000 in the native popula-
tion apart from the native population who must be the ultimate
source of our intelligence. A Standard Oil or BAT marketing
organization with Chinese agents throughout the country is a
valuable asset to use.

7. In other words, I believe that effective intelligence coverage requires
perhaps only 20 full-time agent organizers are required for the Far
East. These may be possible American residents in the area, businessmen, pre-
sented, etc., would be recruited as conscious agents and incorporated into
the intelligence system. The concept with which I really disagree
is the second paragraph of page 1 of Mr. Hixley's memorandum, i.e.,
"a few observers well-trained people circulating through
the social strata of the area... picking people's brains." This "gossip"
is useful but it is only part of the picture. An efficient intelli-
gence system must have well-rooted agents among the masses of the population. In this

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Date Rec'd:

Mr. William B. May

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STANDARD FORM NO. 64

Office Memorandum**SECRET CONTROL**
UNITED STATES GOVERNMENT

TO : Director, OSS

FROM : Dillon Ripley

SUBJECT: Postwar Intelligence

DATE: 18 April 1945

COPY NUMBER 1 of 4.

Supplementing my memorandum of 8 March on the development of long-range intelligence in the Far East, I should like to elaborate on certain aspects of the situation.

I. Personnel

The priorities for long-range intelligence collecting in the Far East are considered to be as follows in the order of their importance:

A. Political: the development and interplay of political factions in the Far Eastern countries; their relations and sentiments in regard to the United States.

B. Economic: the development of economic trends and possibilities in the Far East.

C. Military: military developments or potentialities in any of the countries of the Far East which may effect the United States; technical developments in regard to weapons, installations or methods of operation.

The constant analysis of these factors by intelligence agents should be undertaken in order to observe well in advance the development of all trends and factors either favorable or inimical to the interests of the government.

I believe that the people chosen for this work should be trained observers first, and old Far Eastern hands second. The emphasis in recruiting personnel should be on finding people with suitable mentality and powers of objective observation and analysis rather than specific area knowledge. As I pointed out in my previous memorandum, the vast majority of American Far Eastern residents are not qualified by aptitude or inclination for this work. Furthermore, their normal business or professional pursuits usually restrict their contacts to a narrow circle of other Americans, European business contacts, or extremely local missionary groups. The very fact that this is the normal behavior of these Americans makes any departure from their usual habit liable to blow their cover.

What I should like to emphasize is that the cover to be

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assumed by any operative in this work should be fitted around his own personality and pursuits. Thus the average resident in the Far East will not (a) be recruitable material due to his mental background, or (b) be able to keep his cover well should he be suitable material. However, there will undoubtedly be many people who will be exceptions to this rule. There will be a few, a very few, individuals with suitable cover for residence in the Far East. And this points up the fact that the actual number of people suitable for this work in any case will be very few. The whole project of postwar intelligence work in the Far East should not be undertaken with any hope of recruiting a large staff of operatives. To secure twenty-five good men who would be willing and able to devote themselves to a life career in this work would probably be the optimum number. What we know of the experience of SIS in peacetime would indicate that they have never been able to secure even this small number of trained observers for this area.

In general conversation with a few members of OSS, and one or two members each of ONI and the State Department, it has been the consensus of opinion that the real job of long-range intelligence in the Far East can be done by a few observant well-trained people circulating through the different human strata of the area. These agents should be adept at picking people's brains. The real peacetime job will largely consist in knowing what people are thinking, which in turn will be influencing their planning. It is an obvious but often unstressed fact that one can find out the intentions of a man by rifling his brains quite as well as by rifling his desk or safe. Much of the source material for secret intelligence can be derived from such comparatively open sources as newspaper accounts, government bulletins, bank and business reports. These, plus reported conversations, can often be tied together by trained observers into reports of a highly classified nature.

II. Techniques of Operation.

1. It is considered highly desirable to begin a survey of those universities whose graduate departments afford instruction in Oriental studies, Far Eastern linguistics and social sciences, and the natural sciences. Several universities, notably Harvard, Yale, Pennsylvania, Chicago and Indiana are undertaking work in this direction. Some check should be made of the graduate students coming through these departments in order to observe and gradually recruit any outstanding material. Such students would have excellent cover for applying for postgraduate fellowships for travel and study in the Far East. They could be indoctrinated and trained after initial screening and dispatched under good security conditions.

Close contact should be maintained with men in a position

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to observe or note the progress of graduate students in these departments. Such men as Carleton Coon at Harvard, Wilmarth Lewis at Yale and Norman Brown at Pennsylvania would be potentially useful for this work. In cases of financial difficulty it should be possible for the intelligence organization to underwrite anonymously part of the student's fellowship needs.

2. The principal business firms employing a high type of personnel are as follows:

National City Bank: India, Burma, Malaya, China, Japan.
 Standard Oil Company: India, Burma, East Indies, China.
 Special printing and bank note firms: Thailand, China, Japan, Philippines.
 Rug firms: Afghanistan, Turkestan, India, China.
 Furs: Manchuria, eastern Siberia.
 Insurance: all countries.
 Newspapers or newspaper alliances: all countries.

In general I would advocate a technique of unconscious informants with men in these firms. The firms themselves would tend to be chary of consciously employing government agents, particularly in a British sphere of influence. However, a survey of possible personnel should be made to determine whether recruits could be sent out under cover from their own firm. Some OSS personnel already exist who might be used in this category. In addition, China and India are both fields for such independent businessmen as art collectors and dealers.

At present only a very rough and preliminary survey has been made of the field. The writer hopes to undertake a more detailed survey in the Far East shortly. At this time more openings both for recruiting and placing of personnel under cover may be revealed. However, the above and the preceding memorandum represent the consensus of opinion of the writer, supplemented by Messrs. Brown, Penrose, Nicholas, Colonel Hutcheson and Colonel McHugh with whom various points have been discussed.

Dillon Ripley
 Dillon Ripley

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

2 March 1945

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To: Director, OSS
From: Dillon Ripley *Dillon Ripley*
Subject: The development of long-range intelligence in the Far East

The war in the Far East seems to have reached the stage at present where some analysis may be made of the present and future attitudes of the peoples involved. The balance wheel is now so clearly turning in the direction of the Allies after many static months that pro-Allied or passive elements everywhere are confirmed in their belief in victory and even the Japanese and their puppets now know that a military decision in their favor is no longer possible. However, there is every possibility that in some parts of the Far East there is a hard core of pro-Japanese pan-Asia feeling which will go underground. This is one of the elements in the future of the Far East, knowledge of which will be of the utmost importance to the United States. Along with this there are such factors as the industrial and commercial reconstruction of the Far East, the political solutions still to be worked out in many of these countries, the future of the Colonial Powers, and the precise relationships of the great Powers, Russia and Britain, to the scene at large. The development of all these elements will increasingly sway the course of America's history in the next twenty to thirty years.

A short analysis of the probable situation in some of the Far East areas forms Section III of this memorandum.

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SECRET CONTROL**I. PERSONNEL****A. American**

In order to organize a system of long-range intelligence in the Far East, certain basic factors in regard to personnel must be considered. For Americans to operate successfully in the Far East, cover is of primary importance.

Cover, however, is one of the fundamental difficulties in this area, as there are few normal occupations which afford Americans freedom of movement. It is considered to be implicit by the writer that movement is of the essence in any intelligence system in the Far East. No American businessman or missionary stationed for long periods of time in one place can continue to function as an intelligence agent for any period of time. The reasons for this are obvious. Every American, every European for that matter, is a marked man; his contacts and associates become inevitably known by C.I.D. and natives alike. Any associations or contacts beyond the usual narrow limits are matters of note and open to suspicion. Furthermore, such men in static posts ordinarily have no valid excuse for travel except for annual leave. Failing this type of personnel, it seems obvious that the following considerations should govern choice of intelligence agents:

- 1) Freedom of movement
- 2) Short term operations
- 3) Ability to mix in any sphere or class.

The types of occupation which embrace these categories are as follows:

- a. Exchange students, holders of fellowships

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- b. Research workers, scientists
- c. Professional travelers
- d. Oil geologists, survey engineers
- e. Distributors and salesmen in certain industries,
i.e. heavy machinery.
- f. Aircraft or other specialist industrial technicians.

There may be other categories of personnel suitable for such work, but such categories must be primarily dependent upon the personalities involved. Thus, for example, a YMOA official could be an excellent intelligence agent with all the qualifications of cover necessary, but obviously YMOA officials with the emotional and intellectual qualifications for such work are few and far between. The same is true for missionaries and religious organization workers in general.

The normal categories in business are unsuitable for this work not only due to the restrictions of movement, etc. involved but also for personality reasons. The average American business man in the East is restricted in his contacts both by inclination and precedent. He goes to the American Club, he travels only between big cities, and he has a limited circle of contacts, primarily other Europeans associated in his business.

Unusual interest in political or economic affairs aside from his normal sphere would tend to blow such a man's cover immediately. Furthermore, the average businessman has no primary interest in the natives of the country in which he is operating, and interest on his part along these lines, even to the extent of learning the language, would be unusual, notable, and tend to loss of cover.

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Only the professional and technical experts can qualify to cover a wide circle of acquaintances. Of these professional categories, by far the most adaptable are the fellowship students and the scientists, listed as a. and b. above. Of the two, the scientific worker, given a suitable personality, can mix in any sphere of society from the highest official, professional and business class to the most primitive groups of hill tribes. Unusual or out-of-the-way interests in politics and phases of the economic life of the area are easily explained away as part of a general interest in contemporary economy or sociology.

A principal objection to the category a. (exchange students and fellowship holders) might be that of youth and inexperience. The training involved in preparing such men to do a supplementary intelligence job would seem to the writer to be wasted in large part if these men are not to continue to perform intelligence work. On the other hand, use of such men on a trial basis would then determine whether or not they should graduate into the category of official intelligence workers for the Government.

A possible mechanism for holding and processing such intelligence workers will be discussed in Section II below.

All in all, the category of research workers and scientists attached to some official or semi-official Government agency is the one which would fit in best, from the practical point of view, with intelligence work in the Far East.

The professional traveler class is a possibility which should not be overlooked. In this category could be included the

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writers and photographers for such institutions as the National Geographic and the American Geographic Societies. Occasionally there are individuals who do lecture series on a professional basis and must travel to assemble material. There are even amateurs in this work who do not depend for their primary income on lecture or book fees. From time to time, men of this category could be recruited who might be suitable, but the general standard of emotional stability, objectivity in reporting, and application to the job can not be anticipated to be very high. Intelligence work needs a trained mind and an intuitive sense, which are more often found in research workers than in any other category.

Oil geologists and survey engineers would be particularly useful for intelligence work in certain areas where the cover is appropriate. These areas would include parts of the Middle East bordering on the Far East regions, such as Iran, and certain restricted parts of the Far East, such as Burma, Borneo, New Guinea and some parts of China. Contacts on the part of this category tend to be limited, but combine in an unusual way commercial firms on the one hand and remote and outlying territories on the other.

In category c. certain industries are specified in connection with salesmen or distributors. The reason for this is that the normal salesman of radio parts, automobiles, or other standard American-finished products has no cover reasons for conducting a penetrating analysis of the economic structure of the countries of the Far East. However, a man concerned with industrial development, such

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as a member of a firm engaged in heavy industry, would have every reason to submit the economy of China, Japan, and India to a searching scrutiny. Freedom of movement in this case, however, is limited to the industrial population centers.

Equally limited in this sense are the specialist industrial technicians mentioned in category f. They must be primarily confined in their movements to the centers of operation of their crafts. An aircraft technician in India, for example, would have to confine himself primarily to Bangalore, Madras, Calcutta and Bombay. Only leave or occasional chance survey work of outlying airports would explain his presence in any other part of India.

B. NATIVE

It is considered by the writer that the employment of native personnel is virtually impossible for long-range intelligence work. In only a very few instances has experience so far indicated that native personnel would remain fully loyal for any length of time as an employee of such an organization. In the Far East, loyalties are built up around the individual rather than the organization or nation. Unless a particular individual contact could be maintained between an American agent and native sub-agents, it is considered that the majority of native sub-agents would eventually "blow" any intelligence network.

Furthermore, cover for a native agent is extremely difficult. A native is so well-known to his community that he has very little freedom of movement and no possibility of concealing his financial status. Over any period of time changes in his status, particularly

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financial changes, are bound to become apparent to his friends, family, and associates. Furthermore, it is almost impossible to find a local inhabitant of the Far East who is fundamentally security conscious in the American sense. There is always the irresistible temptation to boast about one's activities or demonstrate in some way the sense of superiority to one's friends and surroundings.

To sum up, it is the opinion of the writer that it should be a normal rule in the organization of intelligence work in this area that no native personnel should be definitely employed.

The best technique for tapping intelligence from native sources is by a system of informants. Such informants should preferably be "unconscious", i.e. unpaid and ignorant of the real purpose of the interrogator. The writer believes that such a system would work by developing the personal loyalties of the natives involved.

For example, OSS at the present time has a small number of intelligent, well-educated Burmese working as interpreters, conducting officers, or assistant instructors at Detachments 101 and 404. At the close of hostilities, these men will probably resume their previous activities. Some of these men were in Civil Service or the Forestry Department, all of them having a highly-developed sense of loyalty toward certain individuals in OSS and a general sense of gratitude toward Americans as a whole. There should be no difficulty in using any one of these men as an unconscious informant at a later stage. Through some of them an endless number of contacts with other Burmese could be established, and a general

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assessment of economic and political conditions on the lower levels could readily be made.

Only in the rarest cases should natives be given any direct remuneration. An example of this would be to hire such men temporarily for purposes of a geographical survey, a scientific expedition, or as paid workers in a research investigation in sociology or anthropology undertaken by a fellowship student.

To be specific again, there are several Burmans currently employed by IOI and 404 who have volunteered to join American members of OSS in post-war expeditions or trips through the interior of Burma.

In the case of natives not under Colonial or Empire domination, as in China or Thailand, the problem of loyalties is a particularly complicated one. In Thailand it would seem likely that some degree of direct liaison with Thai intelligence underground workers could be maintained. However, a system of unconscious informants is again considered preferable here. So many of the members of the Free Thai Movement are now so well-known to American intelligence workers that a continuation of contacts on a personal basis could probably be maintained.

So far as work in China is concerned, the writer maintains that no use of Chinese as conscious agents should be made. OSS experience during wartime would seem to confirm the difficulty of maintaining any degree of security in regard to the development of intelligence in China. The average Chinese suitable for intelligence work is far too susceptible to control by internal Chinese

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intelligence agencies. However, a short-term employment of Chinese agents on a remunerative basis is a possibility. Within limits of cover it should be possible to employ Chinese for an individual job involving the normal local techniques of bribery, theft, or political graft. Such activity should be on a low level not involving the agent as anything but a physical tool.

To summarize, the writer can only confirm his conviction that use of native personnel in intelligence work in the Far East should be as much as possible by a system of unconscious informants.

11. SUGGESTED TECHNIQUES OF OPERATION

A few suggestions on organizing long-term intelligence in the Far East may be in order here. The writer accepts the premise that a long-range intelligence organization should be centralized in Washington in the form of a small limited cover organization officially or semi-officially a branch of the government. The conditions in the Far East, as outlined above, would seem to indicate that relatively few agents of such an organization could operate by living continuously in the Far East. The ideal system would be for intelligence agents to go out to the Far East for a longer or shorter period of time in connection with their cover work. An example of operation would be the mounting of a scientific expedition by the U. S. National Museum or the Carnegie Institution for zoological and anthropological work in Malaya and Thailand. Such an expedition would proceed to Singapore and there assemble necessary equipment and native personnel. After this period of preparation (and observation) in Singapore the expedition would move north up the Peninsula. The question of communi-

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ations with Washington could be solved either by using the diplomatic pouch of the Consulate General in Singapore, or, failing this for cover reasons, by the dispatching of one member of the expedition home early as a courier, with especially important scientific specimens. Mapping, geographic, and other survey work could be undertaken at points to be designated along the Peninsula, and from there the expedition could proceed in a leisurely manner to Bangkok, stopping to study and photograph along the way.

At Bangkok a second stop could be made, where the Malay personnel are paid off, Thai personnel hired for the remainder of the trip, and contacts established with Thai scientific associates, and other Thai friends in the Government. A repetition of the courier procedure could be arranged here or the diplomatic pouch could be used. On the other hand, a third system of communication could be established by means of an individual letterbox, who might be a traveling businessman or industrial technician.

Certain objectives of strategic importance in a military, political or economic sense could then be studied by the expedition as part of its scientific work. In this connection, it is worthwhile noting that such areas as Thailand provide almost inexhaustible fields for scientific work in all parts of the country, thus giving the research worker completely unrestricted freedom of movement.

This is only one example of the type of operations which could be duplicated anywhere in the Far East. However, it is the conviction of the writer that intelligence operations of this sort must be designed around the personalities of the operators. No hard and fast rules should be set up

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establishing any one type of operation as preferable to any other. A scientific expedition would accomplish the intelligence end, in one case, a visit by a prominent economist might secure the immediate intelligence and in another. For purposes of training and educating younger men in intelligence work it might be advisable to set up a dummy Fellowship Board in connection with a government agency like the Smithsonian Institution. "The James Ward Smith Memorial Board of Sociological Studies" could exist as a subdivision of the Smithsonian, for example, and have as its principal function the granting of fellowships to qualified students. By agreement, one of the principal qualifications would be previous recruitment and training by long-range intelligence operatives. An alternate method would be to have a firm or company set up a system of travel fellowships for providing students of the foreign field who wished to study production methods or operating procedures abroad.

In peacetime, it is presumed that the priority on time in the case of each intelligence operation is greatly reduced. It is assumed that most communications will be by written report or word of mouth, and could be dealt with by means of couriers or letterboxes.

The reduction of emphasis on time as an element in intelligence reporting, and the importance of parallel reporting from several individual sources in order to build up obvious and comprehensive pictures of Far Eastern events would seem to emphasize the efficiency of this system. A constant flow of individuals operating from the United States as a headquarters, and traveling

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throughout the social and geographic strata of the Far East could probably develop an efficient overall intelligence coverage for this part of the world.

III. ELEMENTS IN THE POST-WAR SITUATION

A brief summary of probable sentiment and feelings in the immediate post military situation may be of value here.

India and Ceylon

Although not within the present sphere of OSS operations by JCS directive, India particularly will be of paramount importance in the post-war Far East. As a result of the war these countries have fallen heir to inflation, shortages of goods and food with consequent large-scale black market operations, credit balances in England, and considerable political dislocation. There are potentialities for great economic expansion after the war. This expansion, however, will be carefully canalized by the British Government due to dangers inherent in disruption of an overall credit position and lack of British-produced heavy industry machinery, steel and similar Indian desiderata. If a balance can be struck between demand and supply, however, the expansion of Indian industry after the war should be one of the principal stabilizing factors in the internal political situation.

Otherwise, the unresolved political conflicts will come strongly into the open. Present indications are that the British official position is a continued firm hold on India with a gradual and still undated program of political freedom, probably to be planned and administered by some sort of Dominion Council. It is doubtful if the British Government will make too many concessions

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to Indian pride in the fact of the urgency to the British economy of continued control.

There are good possibilities of the development of a tie between the Jap-sponsored Indian National Army and some of the extremist congress elements for undercover and terrorist activities. Primarily a concern of the local CID in India, it is nevertheless the concern of American intelligence to follow these things closely as part of any overall Japanese program.

This brief resume indicates some of the tensions inherent in the situation in India. Much the same situation exists in Ceylon on a smaller scale. Inflation, high cost of living, food shortages, population pressures; all exist there in a sort of microcosm. The Colonial Office has recently reaffirmed its intention to keep Ceylon under control by sending out a Commission of Inquiry (which is currently sitting in Colombo) under Lord Soulbury, a minor Parliamentarian. So far, the Committee has manifestly supported the tea and rubber interests and the pro-British power politicians of the Assembly.

Burma

If, as many authorities believe, a considerable segment of the Burman townspeople is assumed to be satisfied by the Japanese administration, this country may become one of the principal foci for undercover Japanese activities after Burma is reoccupied. There are strong elements among the educated Burmans as well as among the extremists in the Thakin party who may remain sympathetic to Japanese propaganda. Certain areas of the country, particularly

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the southern cities, may require military occupation for a considerable period of time.

In regard to British intentions in the country, a Dominion status announcement would seem to be pending. However, certain moves made by different organizations in reoccupied Burma such as the Burman Government, civil affairs, Psychological Warfare and SOG indicate that the central government in London is following an uncoordinated policy which may impel a slowdown on security grounds of an actual date for the assumption of Dominion status.

Burma will thus have many internal security and political problems which will be of vital interest to American intelligence. Burmese economic and commercial problems will not have a comparable interest to those created by political unrest and possible subversive activities.

Thailand

This, the only autonomous country in Southeast Asia, is one of major long-range strategic interest to the United States. The present government is pro-American and its underground leaders are already working with Americans. There is every indication that American long-range intelligence would be able to work in Thailand with a considerable degree of freedom due to the favorable position sure to be enjoyed by most Americans in that country. It may be possible to maintain such close contact with present Thai underground leaders that their intelligence networks in China, Japan and Indo-China may continue to be developed after the close of hostilities. Thai attitudes, however, may be contingent on the degree of political

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support received from the American Government.

Economically Thailand is tied to Great Britain, Malaya, and China. There is small chance for development of American interests except in imports of finished goods, in the expansion and development of mining and perhaps in the furnishing of capital for industrial enterprises. From a political point of view, Thailand is of vital importance to the United States. As an undeveloped under-populated country, it is one of the spots in the Orient most favorable to the development of a "capitalist-democracy", as opposed to possible communist sentiments in over-populated sections. Politically, Thailand looks to the United States for support. Continuation of an autonomous Thailand in large measure depends upon the degree of political support received from America, and in order that that support may be furnished it is necessary for America to develop all possible sources of long-range political intelligence in the area.

Malaya

Malaya, like Burma, is a British Colonial problem. However, economically and politically America is vitally interested in the Malay Peninsula and should in consequence develop long-range intelligence there. Economically, Malaya is important for her natural products, tin and rubber. Her trade position otherwise is not of great significance to America, being closely tied to Great Britain.

Politically, however, Malaya is of considerable importance. Like Burma, there are many elements in Malaya, and the seeds of future dissensions have been planted by Japan's pan-Asia propaganda,

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particularly among dissident Malays. A close watch should be kept on this situation by American long-range intelligence independent of British control. The most important faction in Malaya is the overseas Chinese. This group divided into sub-groups representing the Kuomintang and Communist China mirrors all the political stresses in China itself. Close study of it will indicate not only trends in China but policies in regard to Chinese neo-Imperialism, i.e., expansion of overseas Chinese domination of the economy of Thailand, Indo-China, Malaya, the Philippines and the Netherlands Indies. Nowhere is Chinese neo-Imperialism better represented than in Malaya. It is one of the most important factors in the development of the economy and the politics of the next twenty years in Asia and as such is of paramount concern to the United States.

Netherlands East Indies

The principal developments of the next few years in the Indies should be along the lines of political and economic reconstruction. It is not likely that any hard core of Japanese subversion will be left behind as may be possible among the Burmese and Malaya. Only in Java is there any nationalist movement with the intellectual capacity for such underground organization. However, the Japanese have apparently overplayed their hand in Java and even the most fervent Japanese nationalists seem to be disillusioned about the Greater East Asia propaganda themes. Two principal factors deserve careful observation by long-range intelligence. These are: a) the economic intelligence concerned with the reconstruction period, the handling of the large American interests in the area, and the possibilities of economic development, and

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b) political intelligence concerned with the reconstruction period, the handling of Indonesian and Chinese problems, all of which are closely tied up with post-war stability and security in Asia as a whole.

Indo-China

The political impact of the return of the official French Government and the consequent adjustments between the native and the local French populations will be subjects of great importance to American long-range intelligence. Especially will unrest and disturbances be important if, under world security proposals, the United States should consider naval or air bases in the area. In this case a survey of possible Japanese underground activities, Annamite nationalist groups (at present Communist inspired) and Chinese intentions will be of the highest priority. Should such security proposals not enter into the Indo-China situation, it would still be important from the overall standpoint in Asia to assess constantly the development of political trends in this area.

Economically Indo-China is largely undeveloped, and should certain changes in the country's status come into effect, there is every likelihood of an enormous expansion of American interest in the area.

China

American interest in long-range intelligence in China is self-evident. The post-war political and economic situation will be fraught with complications for American interests at every stage.

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If, as seems likely now, the conflict between the Kuomintang and Communists continues to be unresolved there is a good possibility that China will separate into two countries along the line of the Yellow River. Relations between these main elements; between North China, Mongolia and Russian-dominated areas; between the Central Government and the powerful Provincial Governors will need to be watched continually. Furthermore, the disposition of the puppets and their forces will offer ample opportunity for infiltration of subversive Japanese elements.

Economically the reconstruction of China will involve large-scale American business interests. This development and its interrelations with Chinese and foreign interests are matters, many aspects of which can only be handled by long-range intelligence.

I have not included Japan, Manchuria or Russian Asia in this short summary, as, like China, the importance of these areas is obvious. However, operations undertaken by long-range intelligence workers in this area will be of a relatively fortuitous nature. Constant alertness will be needed to take advantage of every opportunity which may be presented of developing intelligence contacts.

On a more leisurely basis occasional survey work for long-range intelligence should be undertaken in the Pacific areas, where stresses are of less importance. Political and occasional economic tensions do exist in the colonial and dominion areas, however, and from time to time a study should be made of the evolution and development in these areas.

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SECRET CONTROL**IV. SUMMARY**

The need for long-range intelligence in the Far East both in the immediate occupation and the post-war periods is stressed. Some discussion is undertaken of the types of American and native personnel to be used. It is felt that in the case of Americans, principal reliance should be placed on people traveling through rather than on residents who, by force of circumstances in the Far East, will cumulatively tend to lose cover. In the case of native personnel it is felt that the main reliance should be on unconscious informants, due again to the difficulties of maintaining cover.

A short account of possible techniques is given. Acting on the premises given in the section on personnel, one or two methods are described of getting people into the field and using them as couriers or letterboxes. An estimate of some of the outstanding post-war problems to be observed in the Far East concludes the memorandum. It is felt that the principal continental countries, India, China, Japan, Russian Asia and Thailand will be of primary importance for this work.

SECRET CONTROL

Copies to: Chief, SI
Divisional Deputy, FLSI
Mr. R. Carter Nicholas

OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

14 February 1945

MEMORANDUM FOR THE DIRECTOR, OSS

SUBJECT: Attached Letter and Clipping

1. As regards the implications in the clipping, Lt. Young, Acting Head of CID, informs me that R&A has just received a Field Memorandum from abroad dealing with this very situation in Aachen, which report states categorically that information was available at the time to the American military authorities on the spot to show that the Germans involved were Nazis. This Field Memorandum will shortly be distributed.

2. This matter has been thoroughly examined by Mr. Angell who found that despite frequent conversations between X-2 and Biographical Records no effective system was being practiced in checking of Biographical Records requests by X-2.

3. Since then Mr. Angell has gone thoroughly into this matter and reports as follows:

a. I have made an extensive investigation to see whether there was not in existence an agreement between RR and X-2 relative to the former clearing its biographical reports with the latter prior to their dissemination. Although there were numerous discussions between the X-2 Branch and RR in the fall of 1943, involving proposals and counter-proposals, no definite working arrangement was agreed upon. While Appendix A to General Order No. 9, Supplement 5, effective 3 June 1943, deals with the relationship of SI (now X-2) material to Biographical Records, it does not cover the precise point in question.

b. Dr. Langer and Col. Praff having designated Lt. Young and Major Rushin as their respective representatives to consider the question, a meeting between those gentlemen and the writer was held 12 February. An understanding was there reached, subject to approval by the Branch Chiefs concerned, along the following lines. In the future RR will submit to X-2 the names of all persons included in R&A biographical reports projects, thus enabling X-2 to check its records and consult with RR prior to any dissemination. When requests for spot information are received by RR, it will promptly advise X-2 of the information furnished in response.

- 2 -

to such requests so that K-2 will be in a position, through its own liaison with the requesting agency, to supply any further information that it may deem appropriate. It is my belief that the understanding will be reduced to writing and made effective within the next two or three days.



John Magruder, Brig. Gen.
Deputy Director, OSS - Intelligence Service

14 February 1948

MEMORANDUM FOR THE DIRECTOR, OSS

SUBJECT: Attached Letter and Clipping

As regards the implications in the clipping, Lt. Young, Acting Head of CID, informs me that NSA has just received a Field Memorandum from abroad dealing with this same situation in Anson, which report stated categorically that information was available at the time to the American military authorities on the spot to show that the Germans involved were Nazis. This Field Memorandum will shortly be initiated.

2. This matter has been thoroughly examined by Mr. Angell who found that despite frequent conversations between X-2 and Biographical Record, no effective system is being practiced in checking of Biographical Records furnished by X-2.

3. Since then Mr. Angell has gone thoroughly into this matter and reports as follows:

a. I have made an extensive investigation to see whether there was not in existence an agreement between X-2 and X-3 relative to the former clearing its biographical reports with the latter prior to their dissemination. Although there were numerous discussions between the X-2 Branch and X-3 in the fall of 1943, involving proposals and counter-proposals, no definite working arrangement was agreed upon. While Appendix A to General Order No. 9, Supplement 6, of 15 June 1943, deals with the relationship of X-2 (now X-2) material to Biographical Records, it does not cover the specific point in question.

b. Dr. Langer and Col. Pratt having designated Mr. Tolson and Major Hushin as their respective representatives to consider the question, a meeting between those gentlemen and the writer was held 18 February. An understanding was reached, subject to approval by the Branch Chiefs concerned, along the following lines. In the future X-2 will submit to X-3 the names of all persons included in NSA biographical reports projects, thus enabling X-3 to check its records and consult with X-2 prior to any dissemination. When X-2 receives spot information are received by X-2, it will advise X-3 of the information furnished in response

In such requests so that he will be in a position, through his own liaison with the requesting agency, to supply any further information that is any less appropriate. It is my belief that the understanding will be reached in writing and made effective within the next two or three days.

John Magruder, Jr., Gen.
Deputy Director, CIA - Intelligence Service

055 10-11-1945

Date 2/3

To: General Macrider

Feb 3 4 43 PM '45
For your comments and
recommendations.

E. J. Putzell Jr.

Office of the Executive Officer

(30449)

Office Memorandum

UNITED STATES GOVERNMENT

TO : Mr. Charles E. Cheaten
 FROM : John E. O'Gara
 SUBJECT: Attached Clipping

DATE: 1 February 1948

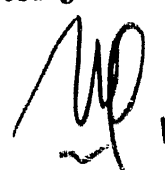
X X-2
X Biographical Records

Regardless of whether there is any substance in this, I am reminded of part of our charter obligations and a number of discussions I have been in as to the place we should fill in the occupation phase.

It seems to me that X-2 has a very big roll to perform; undoubtedly, so has R & A.

When I spoke to Colonel Pfaff about this this morning, he said that R & A works independently of X-2. He mentioned an instance when, by accident, he got hold of an R & A list and found it seriously in error. It doesn't make any sense to have X-2 and R & A do separate pieces of business in this connection and, as I see it, it is the Executive Office of the Agency which has control of our objectives and, in this case, should inquire into the seemingly needed unification.

The above is none of my business. I call it to your attention on the basis of general obligation to the Agency.


 John E. O'Gara
 Deputy Director-Personnel.

Nazis Run Aachen, London Paper Says

German Socialist Leaders Protest
Way U. S. Authorities Are Handling City

New York, Jan. 20 (AP).—The mayor of Aachen was a director of a corporation which manufactured parts for V-weapons, the London Daily Express today as saying that American military authorities in Aachen, Germany, were using a large number of former Nazi Party officials to operate the local government.

The broadcast quoted an Express correspondent as stating that the Nazis are still running Aachen, "first large-sized German city to be captured by United States forces," because American officers say there is no one else to do it. German Socialists complain that their representatives are being kept out of office.

Socialists Said Complaining

Socialists were quoted as complaining that in neighboring captured Stolberg, 15 of 37 municipal officials are former Nazi Party members, and that the present lord

mayor of Aachen was a director of a corporation which manufactured parts for V-weapons. (Associated Press Wire Correspondent Wade Werner in a story from Aachen last October 30, described the swearing in of the new mayor of the town by Lieut. Col. A. A. Carmichael of Montgomery, Ala., and described him as "the first anti-Nazi in 11 years to be the chief administrative officer of any major German city."

No London Comment

He was chosen, Werner wrote, by military government officers from a "white list" of a dozen Aachen citizens of established executive ability, known after painstaking investigation, never to have been Nazi or supporters of the Nazi movement.

"Mr. Hugh Jones, former head of the Wisconsin state police, our chief operations officer in Aachen," Bavarola said, "is quoted as saying that he has the names of some good Socialists, but that he must be careful that they are able to do the job of the Nazis they displace."

Bavarola said the story had drawn no comment in London thus far, official or otherwise.